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C O N F I D E N T I A L SECTION 01 OF 02 KIEV 001169

SIPDIS

E.O. 12958: DECL: 03/27/2016

TAGS: [PGOV](#) [PREL](#) [KDEM](#) [ETRD](#)

SUBJECT: UKRAINE: ORANGE COALITION TALKS STALL

Classified By: Ambassador for reasons 1.4(a,b,d).

11. (C) Summary: On the basis of exit polls projecting a surprisingly strong second-place showing in the March 26 parliamentary elections for her eponymous bloc, Yuliya Tymoshenko is driving to close a deal that will reunite the original Orange coalition and return her to the PM slot. Oleksandr Moroz' Socialist Party reportedly is on board to reunite. Despite early positive statements by leaders in President Yushchenko's Our Ukraine bloc, Yushchenko has not yet spoken publicly about the election results or a possible majority coalition in the Rada. A Tymoshenko-driven press conference to sign the coalition agreement was postponed the morning of March 27 due to an ongoing meeting of the Our Ukraine political council. Close Yushchenko advisor and former Secretary of the National Security and Defense Council Petro Poroshenko told Ambassador March 27 that Tymoshenko was putting great pressure on Yushchenko to make a deal. Other Our Ukraine insiders told Ambassador that Yushchenko had accepted his bloc's unexpected weak third-place showing, but not a return by Tymoshenko to the premiership. Yushchenko has instructed current PM Yekhanurov to being consultations with all parties, on a bilateral basis, to form a majority coalition, which could be with the opposition Party of Regions, which received its expected one-third plurality of the votes, or with Tymoshenko. This move to engage Regions, as well as other parties, indicates that the principal opposition to an Orange coalition now is Yushchenko, plus his entourage. End summary.

Tymoshenko in driver's seat?

12. (C) Exit poll projections, including an independent exit poll funded by the USG and European governments, released shortly after the polls closed at 10 pm March 26 showed a surprising strong second-place finish for former PM Yuliya Tymoshenko's BYuT bloc, behind former PM Viktor Yanukovich's Party of Regions. Initial statements by campaign leaders for President Yushchenko's Our Ukraine (Roman Bezsmertny and Roman Zvarych) endorsed a reunification of Team Orange. Tymoshenko has made clear for weeks her view that the second-place winner (after Regions) would dictate the PM selection and that, if her bloc finished second, she would be the PM candidate.

Warning signs

13. (C) Indications that negotiations over the reuniting the Orange coalition were having difficulty became clear later the morning of March 27. Yushchenko has not made any public statements on the election results or on a possible coalition with Tymoshenko and the Socialist Party. Both Our Ukraine's and BYuT's separate press conferences were been postponed indefinitely due to an ongoing meeting of the Our Ukraine party political council. Former NSDC Secretary and Yushchenko advisor Poroshenko told Ambassador March 27 that Tymoshenko was putting great pressure on Yushchenko to make a deal. Poroshenko blamed Our Ukraine's disappointing electoral showing on the bloc's poor campaign tactics, and specifically on Yushchenko's push late in the campaign for the PORA-PRP and Kostenko-Plyushch blocs -- a move that Poroshenko said cost Our Ukraine 7% of the vote. Poroshenko also said that Yushchenko had not endorsed the public statements by his bloc's leadership.

Which road to take?

14. (C) Later in the morning, Our Ukraine campaign leader Roman Zvarych told Ambassador that it was very hard to say now what would happen. Our Ukraine understood that Tymoshenko had won the election and that Our Ukraine came in third place. Late on March 26, he and Bezsmertny had sent the message that Tymoshenko should take the initiative to form a coalition and that Our Ukraine was prepared to fulfill its obligations pursuant to the pre-election understanding worked out with Tymoshenko that gave the party that did better in the election the lead on naming the new PM.

Boulder in the road

15. (C) However, Zvarych underscored, things had rapidly changed from the night before. Others in Our Ukraine had absorbed the fact that Tymoshenko had won, but they had started to backtrack on the commitment regarding the PM slot. Yushchenko had signaled his unhappiness with the prospect of Tymoshenko as PM. Yushchenko "probably will not allow this

to happen now." Zvarych said that he and Bezsmertny were a minority right now within Our Ukraine. Yushchenko had instructed PM Yekhanurov to begin consultations with all parties, on a bilateral basis, to form a coalition.

Comment

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[16.](#) (C) This information confirms that that the principal opposition to an Orange coalition now is Yushchenko, plus his entourage. Ambassador is meeting with Presidential chief of staff Rybachuk in the early afternoon March 27 and may obtain a fuller readout on Yushchenko's thinking.

[17.](#) (U) Visit Embassy Kiev's classified website:  
[www.state.sgov.gov/p/eur/kiev](http://www.state.sgov.gov/p/eur/kiev).  
Herbst